

D.T.E. 99-60-A

Investigation by the Department of Telecommunications and Energy on its own Motion into the Pricing and Procurement of Default Service Pursuant to G.L. c. 164, § 1B(d).

I. INTRODUCTION

On June 21, 1999, the Department of Telecommunications and Energy ("Department") issued an Order instituting a Notice of Inquiry/Generic Proceeding into the Pricing and Procurement of Default Service⁽¹⁾

("NOI"). This proceeding was docketed at D.T.E. 99-60.

In the NOI, the Department stated that, while the primary objective of the proceeding was to determine the average monthly market price of electricity and to determine how this price should be incorporated in the default service rate, we would also consider any issues related to the procurement of default service that bear on, or are affected by, the mechanism for establishing the price of default service, or that bear on retail competition in general.

The Department invited comments on questions exploring a broad array of options regarding the pricing and procurement of default service. Initial comments were received on July 14, 1999.⁽²⁾ Reply comments were received on July 28, 1999.⁽³⁾

After consideration of the comments received, this Order sets forth a draft proposal addressing certain "essential components" associated with the pricing and procurement of default service. There have been several developments in the wholesale energy markets since the comments were submitted by the various commenters in this proceeding, and the Department wants to incorporate any additional knowledge or experience gained by the commenters into the guidelines for default service. Therefore,

the Department is seeking additional comment from the parties before finalizing its guidelines for default service pricing and procurement. In particular, the Department requests responses to specific questions set forth in Section IV, below. Interested parties will have an opportunity to discuss these issues at a technical session to be held at the Department's offices at 10:00 a.m. on May 25, 2000. Any party wishing to participate in this technical session must notify the Department of its intent to participate no later than the close of business on May 19, 2000.

II. STATUTORY AND REGULATORY FRAMEWORK

General Laws Chapter 164, Section 1B(d)⁽⁴⁾

requires the following: (1) that each distribution company provide default service; (2) that the default service be competitively procured; (3) that the default service rate "shall not exceed the average monthly market price of electricity;" and (4) that bids to supply default service "shall include payment options with rates that remain uniform for periods of up to six months."⁽⁵⁾

In its rules implementing the Restructuring Act, the Department required that the rate for default service not exceed the average monthly market price for electricity; however, like the Act itself, the Department's rules are silent on the issue of how the average monthly market price for electricity is to be determined and on other aspects of default service. 220 C.M.R. § 11.04. In the absence of fully developed markets, the Department directed distribution companies to use their standard offer service price as the proxy for the market price for electricity and the basis for their default service price.⁽⁶⁾

Letter to Massachusetts Electric Company Regarding Pricing for Default Service (June 1, 1999). Accordingly, default service has been priced at the default service rate.III.
THE DEPARTMENT'S PROPOSAL FOR DEFAULT SERVICE

A. Introduction The Restructuring Act mandates that each distribution company provide default service as a means of ensuring that all customers in Massachusetts have universal access to electricity, regardless of any circumstances that may cause them not to receive service from a competitive electricity supplier at a given time.⁽⁷⁾ The Department's proposal, as described below, satisfies the General Court's mandate of universal access, while ensuring that the availability of default service does not inhibit the development of a robust retail market for generation services in Massachusetts. Customers will inevitably compare the price and terms of default service to other generation service options made available to them by competitive suppliers. Default service is intended to be a basic service that provides customers with the appropriate incentives to turn to the competitive market for more sophisticated or advantageous service offerings.

In formulating our proposal for the procurement and pricing of default service, the Department has relied on four guiding principles: (1) default service prices should be market based, be procured through reasonable business practices, and take into account the costs of providing default service, consistent with the development of robust competitive retail markets; (2) costs associated with providing default service should be minimized; (3) customer confusion should be minimized; and (4) a general consistency in default service across distribution service territories should be achieved, to the extent such consistency is feasible and would provide benefits to ratepayers.

Before describing our proposal, we address recommendations made by some commenters that default service prices should remain equal to standard offer prices until such time as competitive options exist for all customer classes (Haverhill, MEBC, MECo, NCLC, Simeonidis, and WMECo). These commenters suggest that establishing default service prices that are equal to standard offer prices would minimize customer confusion and complaints. The commenters further suggest that default service priced higher than standard offer service is unfair to those customers who are on default service merely because they have recently moved into a distribution company's service territory.

While the Act provides for standard offer service, it also establishes default service as a distinct service category. It would be inconsistent with accepted canons of statutory construction to treat the separately defined and established category of default service as merely synonymous with standard offer service. To do so would be equivalent to treating the statutory terms concerning default service as mere surplusage. Neither a court nor an administrative agency can read legislative intent so cavalierly.

In addition, an important goal in electric restructuring is the development of a competitive marketplace. It is essential to the development of a robust competitive market to have prices set at levels that provide customers with appropriate price signals regarding the costs associated with providing the service, as established by the competitive market. Default service prices that do not represent the actual cost of providing the service would inhibit the development of a competitive generation market and would thus be detrimental to all electricity consumers. Therefore, the Department does not accept this recommendation.

The Department considers the proposal set forth herein to be appropriate and reasonable given comments received from interested parties. We anticipate that our policy on default service will evolve as the Department, interested parties, and customers gain experience, and as more information is available regarding both default service and the competitive generation market. As such, the Department intends to review periodically the effectiveness of our policies and to make necessary modifications as circumstances dictate.

The following sections describe the Department's proposal for: (1) the retail pricing of default service, and (2) the procurement of wholesale default service supply. The

Department's proposal ties together retail pricing and wholesale supply issues. While we recognize that commenters may take issue with certain provisions of our proposal, when evaluated as a whole, this proposal best satisfies the objectives and guidelines discussed above.

B. Retail Components of the Proposal

1. Default Service Pricing Options

Under the Department's proposal, default service customers would have two pricing options from which to choose, depending on the date that the customer begins receiving default service and whether the customer previously was being served by a competitive supplier. The first option would allow default service customers to pay a fixed price that would remain level for six-month periods.⁽⁸⁾

The six-month price would be calculated as the average of the monthly wholesale prices, weighted for monthly load, that each distribution company pays to its default service supplier(s) during the six months (see Section III(C)(3), below, for a discussion of the procurement of default service supply). This option would be available to all customers that are receiving default service on the date that the six-month period begins. Additionally, this option would be available to those customers who move into a distribution company's service territory after the beginning of the six-month period.

The second option would provide for default service prices that change monthly.⁽⁹⁾ The monthly prices would be based on the monthly wholesale prices that each distribution company pays to its default service supplier(s) (see Section III(C)(3), below). This option would be available to all default service customers. For those customers who begin receiving default service after the start of the six-month period and who were previously receiving generation service from competitive suppliers, only the monthly pricing option would be available through that six-month period. These customers would continue to pay the monthly prices until the beginning of the subsequent six-month period, at which time the customers could choose to remain on the monthly pricing option or switch to the six-month level pricing option.

There would be an additional provision that would apply to those customers taking default service under the six-month pricing option who leave default service during the six-month period. The monthly default service costs charged to these customers would be recalculated using the monthly prices that were in effect during each month that the customer received default service. This would insure that default service customers pay the full costs of providing the service for the period that the customers receive the service.

The Department sees several advantages to our proposal. First, our proposal is consistent with the General Court's requirement that default service rates remain constant for periods of up to six months. Second, the availability of a six-month pricing

option should minimize the potential for customer confusion, a point that the Department considers particularly crucial during the early years of industry restructuring when the range of competitive options available to certain customer classes are limited. Third, our proposal addresses the concern that competitive suppliers may seek to shift their customers to default service during peak months when the default service price is lower than prices available in the wholesale energy market. As stated above, all default service customers that previously received generation service from competitive suppliers would pay the full costs associated with receiving default service, regardless of the time period during which they received this service. The Department seeks additional information on the extent to which our proposal mitigates this concern.⁽¹⁰⁾

Some commenters state that differences in the costs and risks to serve different customers classes justify a different default price and more frequent solicitations for large commercial and industrial customers (Competitive Suppliers and Aggregators, MECo, PG&E, and WMICG). The Department recognizes that, to the extent that the costs and risks associated with providing default service differ significantly among customer classes, a single default service price for all customers could result in poor price signals to customers and cost subsidization among customer classes. It is not clear from the comments whether the characteristics of large commercial and industrial load justify a different price and/or solicitation frequency, therefore, the Department requests additional information on this point.

2. Retail Price Components

Under the Department's proposal, each distribution company's default service price would include the bid price(s) paid to the winning default service supplier(s). Additionally, the Department considers the inclusion of administrative costs incurred by the distribution company in providing default service. The inclusion of the distribution company's administrative costs will ensure that all costs of providing default service are included in the default service price "seen" by retail customers. With the administrative costs, the default service component of a customer's bill will provide an appropriate price signal to customers and allow competitive suppliers a fair and reasonable opportunity to compete for default service customers. The Department recognizes that implementing this aspect of the proposal may be difficult in practice. In particular, at this point it appears that identification and calculation of the administrative costs incurred by a distribution company in providing default service would most appropriately be done in a base rate proceeding.⁽¹¹⁾ We seek additional input on the magnitude of the administrative costs and implementation of this proposal.

Further, some commenters suggest that a distribution company's administrative costs for default service supply should be collected from all of its customers, since default service is intended to ensure that all customers have universal access to electricity (e.g., EECo). These commenters argue that administrative costs should be thought of as a form of insurance cost to be borne equally by all customers. We note the logic behind

this argument. While, the resolution of this issue depends on whether or not the administrative costs should be separated from the other costs of a distribution company, the Department nonetheless believes default service prices must take into account the full costs of providing the service in order to encourage the development of robust competitive retail markets.

Some commenters recommend that a third cost component be included in default service retail prices -- an adder to represent marketing costs incurred by retail suppliers, but not by the default service suppliers or distribution companies (e.g., Competitive Suppliers and Aggregators). The commenters assert that retail suppliers incur marketing costs to solicit and enroll customers. They argue further that the supplier of default service does not incur any such marketing costs, and therefore, the provision of default service has a built-in cost advantage. According to the commenters, this cost advantage makes it difficult for retail suppliers to draw customers away from default service. Therefore, the commenters recommend the inclusion of marketing costs in the default service price to ensure the development of retail competition in Massachusetts.

The Department does not accept the proposal for the inclusion of an adder for marketing costs incurred by retail providers. While it is critical that all costs of providing default service be included in the retail price to provide an accurate price signal, it is inappropriate to include artificial costs for the purpose of spurring competition. Inclusion of such costs would inflate artificially the default service price and would not be consistent with the General Court's mandate that the price of default service not exceed the average monthly market price of electricity. Further, the reconciliation mechanism necessary for the collection of marketing costs would create significant confusion among customers and might result in cross-subsidization by default service customers of all the rest of the distribution company's customers. The Department does not accept the premise that default service has an insurmountable cost advantage due to the avoidance of marketing and other retail costs, and anticipates that retail suppliers will compete for customers on terms of service as well as price. Customers' interest in such options will lead them to search for competitive suppliers who provide options that are not available through default service.

C. Wholesale Components of the Proposal

1. Default Service Supply Solicitations

Under the Department's proposal, distribution companies would procure default service supply through competitive solicitations. The winner(s) of the solicitation would provide default service supply to the distribution company for the time period identified in the solicitation. Certain commenters recommended that solicitations be held every six months, stating that this time period represents an appropriate balance between minimizing solicitation costs and ensuring that the retail default service price is market-based (DOER, EEC0, Fitchburg, and Sithe). The Department sees no advantage in

prescribing the period for which supply is solicited. The Department leaves it to the judgment of the distribution company to select the period for which default service is procured so that overall costs are minimized.

The Department notes that some commenters recommend that, for large commercial and industrial customers, solicitations for default service supply be conducted quarterly because the default service load for these larger customers is likely to vary significantly over a six-month period (CPC, PG&E). These commenters state that suppliers will require higher prices to account for the risk associated with these fluctuations in load. These commenters recognize that quarterly solicitations would increase distribution companies' administrative costs, but state that these higher costs would be offset by lower bid prices submitted by potential suppliers because of the reduced variation in load associated with a shorter time period. The Department seeks additional information to support the commenters' claim that the default service load for larger customers will vary significantly, and that quarterly solicitations are more appropriate for this customer class.

2. Number of Default Service Suppliers

Under the Department's proposal, each distribution company may determine whether there should be a single default service supplier or multiple suppliers in its service territory, basing its decision on the most advantageous terms for default service supply. Some commenters recommend that each distribution company be required to select multiple default service suppliers for its service territory (e.g., Competitive Suppliers and Aggregators). These commenters identify two problems with selecting a single supplier: (1) it would allow the supplier to gain substantial market advantage in the distribution company's service territory; and (2) it would preclude new and small suppliers from providing default service.⁽¹²⁾

The Department sees no reason to prescribe either single or multiple suppliers before the request for proposal ("RFP") bids have been evaluated. Once the bids have been evaluated, the distribution company would be responsible for selecting the supplier or mix of suppliers that would minimize default service costs. The Department supports multiple suppliers to the extent that they would minimize a distribution company's default service supply costs and diversify its dependence. A distribution company with but a single default service supplier could face a situation where that supplier was close to or actually in default of its contract but the distribution company was reluctant to declare a default for fear of the market's reaction when the distribution company sought to cover its supplier's non-performance.

In response to the issues identified by the commenters, the Department notes that periodic default service solicitations are likely to mitigate concerns over winning suppliers gaining undue advantage in the market over other suppliers, because all suppliers would have the opportunity to compete for provide default service supply on an ongoing basis. In addition, having a single supplier serve a distribution company's

entire default service load may, in some cases, lower costs by allowing the winning supplier to capture economies of scale associated with serving large loads.⁽¹³⁾

Finally, new and small suppliers will have an opportunity to combine their resources with the resources of others in order to provide default service supply. Therefore, the Department does not accept the proposed requirement for multiple default service providers. As with other components of our proposal, the Department intends to monitor the effectiveness of this policy and to make modifications, if necessary, as more information becomes available.

3. Supplier Bid Prices

Under the Department's proposal, each potential supplier participating in the default service solicitation would submit a bid that would identify the price per kilowatt-hour ("KWH") that the supplier would be paid for each month of the period covered by the solicitation. The monthly prices submitted by the winning supplier(s) would serve as the basis for both the monthly and six-month retail prices (see Section III(B)(1), above). The supplier will be responsible for all costs associated with being the entity responsible for the default service load at ISO-NE; therefore, suppliers' bid prices should take those costs into account on a month-by-month basis.⁽¹⁴⁾

The Department sees several advantages to this approach. First, monthly bid prices would allow each distribution company to identify a monthly retail price, which, as discussed above, is a key component of the Department's pricing proposal. Second, this is consistent with G.L. c. 164, § 1B(d), which requires that default service prices be established through competitive bidding and not exceed the average monthly market price of electricity. Third, establishing monthly wholesale supply prices would insulate default service customers from volatile hourly spot market prices and would place market risk on the entities that are best equipped to manage such risk -- default service suppliers. Default service customers would nevertheless be able to benefit from market prices established through the bidding process and be the beneficiaries of the administrative, financial and risk management services implicit in the winning bids.

Default service prices established in this manner are an appropriate indicator of average monthly market prices. However, the Department seeks additional information on this point. While the Department believes that competitively-bid prices are an appropriate indicator of market prices, the Department will review periodically winning default service bids so that it may take action if bids are consistently above other reasonable measures of market activity.⁽¹⁵⁾

Some commenters recommend that the price paid to default service suppliers comprise two components ("cost-plus option"). The first component would be calculated based on the hourly spot-market prices identified through the ISO-NE-administered energy and capacity markets. This component would be calculated after-the-fact and would vary on a monthly basis. Because this component would be outside the control of default service suppliers, it would not be included in the bids of potential suppliers. The second price

component would be submitted by suppliers in their bids and are intended to cover all supplier-related costs that are not associated with the energy and capacity products. These costs would be associated with participating in the solicitation, risk management, and various administrative activities related to providing default service supply.⁽¹⁶⁾ This second price component would serve as the basis for determining winning bidders. Under this approach, the volatility associated with the ISO-NE hourly spot market prices would be passed on directly to default service customers, fully exposing these customers to the risks associated with a constantly-changing market. This exposure would create a significant level of customer confusion and would place market risks on customers who, for a variety of reasons, may not be equipped to manage such risk. In addition, by passing risk on to consumers, suppliers would have no incentive to manage market risks. Therefore, we do not accept the cost plus option as an alternative method to determine the default service price.

NCLC recommends that the default service price should be based on the average commodity price as determined by DOER. NCLC proposes that default service should be competitively procured in compliance with the Act, and then the resulting bids should be compared to DOER's average commodity price to determine whether competitive bid results are reasonable. The Department maintains that the default service prices should be set through competitive solicitation as required by the Act. Accordingly, the Department does not accept NCLC's request.

4. Department Role in Solicitation

The Department's proposal for resolving the essential components of default service pricing and procurement does not outline a particular role for the Department in overseeing default service procurement. However, DOER recommends that the Department contribute to designing the procurement process. The Department, pursuant to our general authority under G.L. c. 164, §76, intends to monitor the development of default service to ensure that it is competitive and consistent with other measures of market activity; however, at this point, we do not anticipate interfering in the solicitation process as a distribution company conducts a given solicitation and selects winners. We seek additional information on this point.

D. Other Issues

There are a number of other proposals submitted by commenters. First, some commenters suggest that there be a limit to the term of default service for any individual customer. DOER proposes that at the end of each default service term, default service customers should be converted to retail customers of the distribution company's default service supplier. Under the DOER's proposal, customers wishing to remain on default service would be required to affirmatively notify the distribution company.⁽¹⁷⁾

In the absence of such notification, a customer would be switched as described. DOER's proposal is inconsistent with a fundamental Department policy regarding electric industry restructuring, namely that we have "no intention of forcing any customer in the competitive generation market before that customer is comfortable with such a move." ⁽¹⁸⁾ Model Rules and Legislative Proposal, D.P.U. 96-100, at 136 (1996). Reconciling DOER's proposal with the Act is also problematic. Therefore, the Department does not accept DOER's proposal. Instead, consistent with the above-stated policy, customers will be allowed to remain on default service until they affirmatively choose a competitive supplier.

In a similar proposal, the Competitive Suppliers and Aggregators suggest that, once the market reaches a certain level of maturity (measured by the number of suppliers), default service customers should be assigned to specific suppliers and, therefore, the distribution company would no longer procure default service competitively. We do not accept this proposal for the same reason as we do not accept the DOER proposal. In addition, this proposal is contrary to the Act's requirement that default service be competitively procured.

DOER also recommends that the distribution companies provide information to customers regarding their competitive options. The Department supports all efforts by distribution companies to inform customers of their competitive options as a means of encouraging customer movement to competitive suppliers. The Department may require periodic distribution of information to customers regarding competitive options. IV.

QUESTIONS

Please be prepared to address the following questions at the technical session on

May 25, 2000:

Question 1: Are there data that demonstrate that the costs associated with providing default service will differ significantly among customer classes? If so, please provide a full description of such data and discuss the manner in which customer classes can or should be differentiated for the purpose of establishing different default service prices. Would such differentiation be consistent with or offensive to the statutory scheme for restructuring the electric industry?

Question 2: Are there data justifying more frequent solicitations for large commercial and industrial customers?

Question 3: Are the distribution company's overhead and administrative costs per KWH associated with providing default service expected to be significant when compared to the bid price for default service? If the number of customers on default service increases significantly either during the transition period or at the end of the transition period when standard offer service is terminated, how would these overhead and administrative costs per KWH be affected?

Question 4: If a distribution company's overhead and administrative costs associated with providing default service were to be included in the price for default service paid by customers, how should these costs be estimated? Can these costs be quantified only in the course of a rate case proceeding?

Question 5: Does the Department's proposal sufficiently address concerns that competitive suppliers may seek to shift their customers to default service during peak months when the default service price is lower than prices available in the wholesale energy market? Are there ways that the proposal could be revised to better address these concerns?

Question 6: Are the default service prices established according to the Department's proposal an appropriate indicator of average monthly market prices? Does this interpretation meet the Act's requirements?

Question 7: Please discuss in specific detail what function, if any, the Department should have in overseeing default service procurement.

By Order of the Department,

James Connelly, Chairman

W. Robert Keating, Commissioner

Paul B. Vasington, Commissioner

Eugene J. Sullivan, Jr. Commissioner

Deirdre K. Manning, Commissioner

1. "Default service" is a term used in G.L. c. 164, §1B(d) and 220 C.M.R. § 11.02. It denotes provision of electricity to those customers who are not receiving generation service either as part of standard offer service or from a competitive supplier.

2. ² Initial comments were submitted by: Massachusetts Energy Buyers Coalition ("MEBC"); Eastern Edison Company ("EECo"); Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company, (jointly "NSTAR"); Fitchburg Gas and Electric Light Company ("Fitchburg"); Electric Power Supply Association ("EPSA"); Western Massachusetts Industrial Customers Group ("WMICG"); Sithe New England, Inc. ("Sithe"); Competitive Power Coalition of New England, Inc. ("CPC"); PG&E Corporation ("PG&E"); Attorney General Thomas Reilly ("Attorney General"); Western Massachusetts Electric Company ("WMECo"); Massachusetts Electric Company ("MECo"); Commonwealth of Massachusetts Division of Energy Resources ("DOER"); AllEnergy Marketing Company, GreenMountain.com, Alternate Power Source, Inc., National Energy Choice, EnergyEXPRESS, Inc., New Energy Ventures, Inc., Enron Energy Services, Sun Power Electric, Exelon Energy, Utility.com, Northeast Energy Efficiency Council (jointly "Competitive Suppliers and Aggregators"); and Associated Industries of Massachusetts ("AIM").

3. ³ Reply comments were submitted by: CPC; National Consumer Law Center, Inc. ("NCLC"); NSTAR; Tammy Elizabeth and Anastasios Simeonidis ("Simeonidis"); Mayor James A. Rurak, Haverhill ("Haverhill"); WMICG; Sithe; PG&E; Attorney General; WMECo; DOER; Competitive Suppliers and Aggregators; AIM; EECo; and HQ Energy Services US ("HQ").

4. Inserted by "An Act Relative to Restructuring the Electric Utility Industry in the Commonwealth, Regulating the Provision of Electricity and Other Services, and Promoting Enhanced Consumer Protection Therein," signed by the Governor on November 25, 1997 ("Restructuring Act" or "Act"). St. 1997, c. 164.

5. We note that while the Act requires bids to have payment options with rates that shall remain uniform for periods of up to six months, it does not require that the procurement of default service supply occur at six month intervals.

6. The Act requires that a distribution company provide standard offer service for the transition period from March 1, 1998, to January 1, 2004, at prices and terms approved by the Department. G.L. c. 64, § 1B. Standard offer service is available to any customer who was a customer of the distribution company as of the retail access date, and has not received generation service from a competitive supplier since the retail access date. 220 C.M.R. 11.04(9)(b)2.a. However, a low-income customer may receive standard offer service regardless of whether the customer has previously received generation service from a competitive supplier. 220 C.M.R.

§ 11.04(9)(b)2.d.1.

7. The Department notes that standard offer service is a transitional service. G.L. c. 164, § 1B(b). At the expiration of standard offer service in 2004, all standard offer customers will be eligible for default service unless they choose a competitive supplier. G.L. c. 164, §1B(d).

8. The Department's proposal does not prescribe the particular months that should be included in each six-month period. Instead, each distribution company would be afforded the flexibility to select six-month periods that are consistent with its default service supply procurement activities and other factors.

9. The Department's proposal is consistent with some commenters' recommendation that distribution companies offer various retail pricing options (e.g., price that would vary monthly), from among which default service customers could choose (MECo, PG&E, WMICG, Competitive Suppliers and Aggregators).

10. Comments on the potential for peak-season migration should address the implications of migration under incentive schemes by competitive suppliers or aggregators to promote such seasonal movement of customers.

11. In a base rate proceeding, the Department would remove costs associated with resource procurement from base rate recovery.

12. ¹² These commenters recommend that default service solicitations include a provision that would provide all bidders the opportunity to "opt-in" after a winning price has been identified. Under an opt-in approach, a bidder that submitted a bid price that was higher than the winning bid price could provide a portion of a distribution company's default service load if the bidder agreed to do so at the winning price.

13.

¹³ In addition, the Department notes that the opt-in proposal, discussed above, would likely reduce the incentive for RFP respondents to submit low bids in the solicitation. Further, allowing suppliers to opt-in would increase the risk for the winning bidders because it would alter the amount of load that formed the basis for the winning entity's bid. To account for this additional risk, bidders would be expected increase their bid price.

14. ¹⁴ AIM, the Attorney General, BECo, CPC, DOER, EEC0, Fitchburg, HQ, IRATE, PG&E, Sithe and WMECo are in favor of competitive bids with the fixed price option.

15. The General Court has vested broad authority in the Department to regulate and supervise gas and electric companies pursuant to G.L. c. 164, § 76. We intend to use the full measure of this authority to ensure that the process for procuring default service supply is reasonable.

16. ¹⁶ The Competitive Suppliers and Aggregators have proposed a similar approach.

17. Under DOER's proposal, customers would render such notification by returning a post card to the distribution company with their monthly bills. Default service customers would be given thirty-days advanced notice of the impending switch to the supplier.

18. Customers may choose not to participate in the competitive market for a variety of reasons -- they may be satisfied with the electric service they currently receive, they may not be aware of the new options available to them, they may be unable to decide among the many new options, or it simply may not matter much to them.

D.P.U. 96-100, at 136.